



THE GERMAN IN-LINE SKATING AND ACCESSORIES MARKET

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SUMMARY

In-line skating activities have increased greatly in Germany since the first skates were introduced nine years ago. In-line skating has progressed from a fringe activity to one of the fastest-growing segments of the sporting goods industry. Most people take up in-line skating as a recreational activity, but it is also used in fitness courses and training programs for other sports. (Along with the rising popularity of in-line skating, there has been a corresponding increase in the number of injuries associated with the sport.)

The German in-line-skating equipment and accessories market totaled 98 million USD in 2004. Due to a persistent weak economy, relatively little market expansion is anticipated over the next few years. Still, Germany, with a population of 82 million, the world's third largest economy, a central location in Europe, and borders with ten countries, is often considered a good starting point for companies looking to gain a foothold in the European market.

Exports of in-line-skating equipment products from Germany totaled \$9 million in 2004. Total German imports for this sector totaled \$96 million, of which 15% (\$14.4 million) came from the United States. U.S. products continue to be the trendsetters with regard to consumer preference within the line-skating market. This environment is expected to benefit U.S. suppliers who are positioned to carve a greater niche for themselves within the German market.

A. MARKET HIGHLIGHTS & BEST PROSPECTS:

Market Profile:

Germany, Austria and Switzerland were among the top markets in Europe for the sale of in-line skates in 2004. The world's six leading manufacturers expect to sell approximately 5 million pairs of in-line skates in the above-mentioned countries in 2005. Accounting for more than half of the expected sales for 2005 in 2004, sales in Germany peaked at 3.2 million pairs. While the in-line skating market is expected to see a double in sales in Austria and a triple in sales in Switzerland in 2005 from 2000, it is projected that both countries will trail German sales for 2005 with a mere 380,000 pairs and 360,000 pairs, respectively.

Market Information for Germany:

- By 2006, in-line skating is set to become Germany's second most popular sport

- There are currently 14.5 million in-line skaters
- There are more in-line skaters than soccer players
- The potential market is not constrained by traditional age or sex limitations
- The average age of leisure-seeking in-line skaters is 5-30 years
- The average age of in-line skaters seeking health benefits is 30-70 years
- Females comprise 59% of in-line skaters

Perspective for U.S companies:

Sporting goods stores distribute 50% of the volume of in-line skating equipment, representing 70-80% of the monetary value within the market. The share for toy stores is estimated at about 25% (quantity) and 10% (value). Other distributor venues, such as bicycle shops, department stores and other non-specialized retailers, have a market share of about 15% (quantity). All of the consulted specialists predict a bright future for U.S. products in the in-line skating markets in Germany, Austria and Switzerland. Although the rate of growth is expected to decrease, the development of in-line skating as a unique sporting phenomena will continue, especially over the next two to three years. The consensus is that in-line skating will at least maintain its current niche with the strong possibility of growth. This expected growth will be fueled by both children and adults.

STATISTICAL DATA

Table: The In-line skating and Accessories Market (USD Million)

	2003	2004	2005 (est.)	Est. Average Annual Growth 2005-2007
Imports	95	96	97	0-1%
Local Production	12	11	12	
Export	9	9	10	
Total Market	98	98	99	0-1 %
Imports from the United States	14	14	15	0-1%
Exchange Rate (EURO/USD)	0.886	0.815		

2004 Import Market Share (percentage for the United States and major competitors): China 31%, Taiwan 16%, USA 15%, Italy 11%, Poland 9%, Czech Republic 7%, the Netherlands 5%, Austria 3%. Receptivity Score (1-5): 5 (extremely receptive)

BEST SALES PROSPECTS

Beginning in the next three years, the German in-line skating and accessories market should offer better-than-average opportunities for U.S. suppliers with respect to the following products:

- In-line wheel skates
- In-line protective pads/gloves
- In-line/street hockey sticks
- Roller skates, traditional
- Supplementary articles
- In-line, skating-specific fashion wear

B. COMPETITIVE SITUATION:

In 2004, Germany imported in-line skating equipment and accessories valued at \$96 million. 80% of imports came from China, Taiwan, USA, Italy, Poland, the Czech Republic, the Netherlands and Austria. Despite the current economic difficulties in Germany, imports should increase by around 1% percent in 2005. This growth rate is expected to continue in 2006, as the sporting boom continues and the creation of the Single European Market moves forward. The positive outlook for U.S. suppliers could be tempered by the fact that the major European suppliers are establishing an increasing number of subsidiaries in Germany and are thus increasingly competitive.

- - U.S. Market Position and Share

The highest quality sporting goods in the Germany are of U.S. origin. American-based in-line skating equipment in the higher-priced categories enjoy a very good reputation.

- - Competitive Factors

To do business successfully in the German sporting goods market, it is necessary and/or advisable to:

- offer a high-quality product at a competitive price
- provide good service after the sale
- maintain adequate stocks of spare parts in Germany
- comply with applicable German DIN standards and acquire the "GS" consumer product safety mark (Please see "D." Market Access.)

C. DOING BUSINESS IN THE EU

For information on doing business in the EU (EU Customs, Packaging for the EU, General EU Export Information, Getting Your Product Approval for the EU Market), please visit the Commercial Service at the U.S. Mission to the European Union: www.buyusa.gov/europeanunion.

END-USER ANALYSIS

There has been a marked renewal towards the recognition and appreciation of physical fitness as part of a healthy lifestyle. The German population is also becoming more "body-conscious." Recent statistics show that two-thirds of the 82 million Germans pursue some kind of sport. German demographics show that one-

fifth of all males who engage in some form of sport are over 35 years old. The proportion of women over the age of 35 participating in sporting activities is increasing as well. German sports clubs are currently enjoying a membership boom. Almost every third German is a member of a sports club. According to recent statistics published by the German Sports Federation (DSB), 400,000 new members were recorded in 2004. The highest rises were recorded in gymnastics and soccer; each have accounted for a rise in membership of about 120,000.

D. MARKET ACCESS

- - Import Climate

In general, the climate for importing sporting goods equipment into Germany is favorable. German importers pay an import-turnover tax at a rate of 16 percent on the CIF (cost, insurance, freight) value of imported sporting goods. This tax is then passed on to the consumer as a value-added tax (VAT). The VAT also applies to domestic products. German importers also pay customs duties when clearing goods through customs. Import restrictions, such as quotas, do not exist. For in-line skating equipment, the import duty is presently 2.7 percent. The appropriate tariff number is 95067030000.

- - Standards

In order to be marketable in Germany, some sporting goods products need to meet a variety of safety standards. In most cases, the German inspection association (TÜV) is the desirable agency to test and certify conformity with these standards. Detailed information on the TÜV and other inspection agencies is contained in the U.S. Embassy's German Country Commercial Guide (CCG), which is available on the web at www.usatrade.gov.

- - Distribution/Business Practices

When trying to enter the German sporting goods equipment market, U.S. firms should consider working with an agent or distributor as their first step. A good distributor is a valuable source of market data and can also be helpful in advising U.S. firms on appropriate pricing strategies. Selling to wholesalers, setting up one's own distribution center, or employing an import trading company are also suitable distribution methods. U.S. firms should be willing to provide support in the form of advertising in a German sporting goods trade magazine.

The minimum contract duration between a U.S. manufacturer and a German distributor should be one year, since companies registered in Germany are bound by employment contracts or delivery agreements with customers, which under German labor or commercial law can be terminated only with a minimum six weeks to six months notice. With the notice period of three to six months, a contract will be drawn up by one of the parties. A contract will automatically be renewed for the same period unless terminated by one of the parties, again with a notice period of between three and six months.

- - Financing

Financing and payment practices in this industry are the "normal" business standards. The method of payment depends on the creditworthiness of the company

and the trade relationship. Trade sources contacted in this sector reported that the turnaround time for paying invoices is never quicker than 30 days. When the transaction involves companies that have had no past experience with each other, the standard method of payment is by letter of credit, since it offers the highest degree of protection for the sellers. However, financing agreements are generally negotiated privately on a case-by-case basis between the manufacturer/exporter and the importer.

- - Key Contacts

- Major Trade Associations

The following associations can be contacted by U.S. firms for basic marketing assistance information (in German) for sporting goods equipment, as well as for commercial contacts:

Bundesverband der Deutschen Sportartikel-Industrie e.V.
(German Sporting Goods Manufacturers Association)
Muehlenweg 12
D-53581 Bad Honnef
Germany
Phone: [49][2224]76381
Fax: [49][2224]75940
Website: www.bsi-ev.de
Contact: Siegfried Hoehne, General Executive Manager

Verband Deutscher Sportfachhandel e.V.
(German Association of Sporting Goods Retailers)
Fichtestrasse 22
D-65189 Wiesbaden
Germany
Phone: [49][611]990050
Fax: [49][611]9900599
Website: www.sportpress.de-vds.htm
Contact: Werner Haizmann, President

- Major Trade Publications

Listed below are the leading trade publications in the German sporting goods market, which U.S. firms can use to obtain market information, follow industry trends, and advertise their products. All are published in German.

SPORT+MODE
Verlag Chmielorz GmbH
Marktplatz 13
65183 Wiesbaden
Germany
Phone: [49][611]360980
Fax: [49][611]301303
E-mail: spomo@chmielorz.de
Contact: Rainer Bommas
Website: ww.spomo.de

SAZ SPORTARTIKELZEITUNG

Rumfordstrasse 42

80469 Munich

Germany

Phone: [49][89]2121100

Fax: [49][89]21211039

E-mail: sazsport@saz.de

Website: www.saz.de

Contact: Horst O. Frankl

Below is the contact address for a sporting goods directory. This directory includes about 2,300 addresses for sporting goods companies in Germany, an index of products and product lines of German manufacturers, wholesalers, importers, and a list of German trademarks. This book can be ordered from the publisher for around \$50.

Kern Verlag

Tirolerweg 1a

D-79224 Ebringen

Germany

Phone: [49][7664]611 511

Fax: [49][7664]611 512

E-mail: info@kern-verlag.de

Website: www.kern-verlag.de

Contact: Anette Dworak

- - Trade Promotion Opportunities:

In Germany, trade fairs play a major role in product marketing. U.S. companies wishing to penetrate the German market often make their first approach at a major trade fair. For U.S. manufacturers and exporters of sporting goods wishing to sell in Germany (and in Europe), it is important to exhibit at one of Germany's major international sporting goods fairs.

Exhibiting at fairs can bring direct sales, but more significantly, can be one of the least expensive ways to test the market's receptivity to sporting goods products and to assess the strength and scope of the competition. It also helps companies establish contact with others in the trade, and from these contacts a U.S. firm can gather a great deal of valuable information about marketing sporting goods in Germany and Europe.

Event: ISPO: International Trade Fair for Sports Equipment and Fashion

Site: Munich

Dates: July 3-5, 2005 (ISPO Summer 2005)
July 2-4, 2006 (ISPO Summer 2006)

Organizer: MESSE MUENCHEN GMBH (Munich Trade Fair Authorities)
Mr. Peter Kroll, ISPO Project Manager
Messegelaende
D-80325 Munich

Germany
Phone: [49][89]949 20150
Fax: [49][89]949 20159
Website: www.ispo.de
E-mail: ispo@messe-muenchen.de

The official representative of the Messe Muenchen GmbH in the United States is:

Munich International Trade Fairs
German American Chamber of Commerce, Inc
12 East 49th Street, 24th Floor
New York, NY 10017
Phone: [212] 974-1880-2653
Fax: [212] 262-6519
Website: www.gaccny.com
Contact: Ms. Marlies Osmers
E-mail: mosmers@munich-trade-fairs.com

For More Information

The U.S. Commercial Service contact for sporting goods in Germany is Senior Commercial Specialist, Bernd Kietz, located in Munich. Contact information follows:

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D-80539 Munich
Germany
Phone: [49][89][2888-751]
Fax: [49][89][285261]
E-mail: bernd.kietz@mail.doc.gov

The U.S. Commercial Service Germany can be contacted via e-mail at: munich.office.box@mail.doc.gov, website: <http://www.buyusa.gov/germany/en/>.

You can locate your nearest U.S. Export Assistance Center, as well as Commercial Service offices overseas by visiting www.buyusa.gov.

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